

## **CCXAP affirms Changxing Communications Investment Group Co., Ltd.'s long-term credit rating at BBB<sub>g</sub>-, with stable outlook**

Hong Kong, 28 July 2021 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has affirmed the long-term credit rating of Changxing Communications Investment Group Co., Ltd. (“CCIG” or the “Company”) at BBB<sub>g</sub>-. The rating outlook is stable.

### **Corporate Profile**

Established in 1994, CCIG is the key investment and financing platform for transportation infrastructure construction in Changxing County, Huzhou City. The Company is one of the key infrastructure investment and financing companies that carry out urban development activities such as infrastructure construction and primary land development. In addition, the Company also engages in commercial trading and other business operations, such as security services, transportation services, toll roads and tourism.

As of 31 December 2020, the Transportation Bureau of Changxing County held 90% of the equity shares of CCIG, while Zhejiang Financial Development Co., Ltd held the remaining 10%. The Changxing County Government is the ultimate shareholder of the Company.

### **Rating Rationale**

The BBB<sub>g</sub>- long-term credit rating of CCIG is underpinned by the Company's (1) key role in transportation infrastructure construction of Changxing County; and (2) growing business diversification with supplementary income resources.

However, the rating is also constrained by the Company's (1) high capital expenditure pressure; (2) high debt leverage; and (3) moderate liquidity profile with exposure to contingent liability risks.

We believe CCIG has a high likelihood of receiving strong support from Changxing County Government in times of need. Our expectation is based on the Company's (1) key role in the transportation development of Changxing County; (2) close relationship with the local government; and (3) good track record of receiving ongoing support.

### **Rating Outlook**

The stable outlook on CCIG's rating reflects our expectation that it will continue to receive strong support from the local government and maintain its important role in transportation infrastructure construction of Changxing County.

### **What could upgrade the rating?**

The rating could be upgraded if (1) the economic and fiscal strength of Changxing County improves notably; and (2) the Company's stand-alone credit profile improves significantly, such as improved debt leverage and liquidity profile.

**What could downgrade the rating?**

The rating could be downgraded if (1) the economic and fiscal performance of Changxing County deteriorates; (2) the likelihood of government support for the Company decreases; or (3) the Company's stand-alone credit profile weakens significantly, such as heightened debt leverage and weakened funding access.

**Rating Methodology**

The methodology used in this rating is the Rating Methodology for [China's Local Infrastructure Investment and Financing Companies \(May 2020\)](#).

**Regulatory Disclosures**

CCXAP's Rating Symbols and Definitions are available on its website at:  
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The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Jacky Lau

*Senior Analyst*

+852-2860 7124

[jacky\\_lau@ccxap.com](mailto:jacky_lau@ccxap.com)

Elle Hu

*Director of Credit Ratings*

+852-2860 7120

[elle\\_hu@ccxap.com](mailto:elle_hu@ccxap.com)

Client Services: +852-2860 7111



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**China Chengxin (Asia Pacific) Credit Ratings Company Limited**

Address: Suites 1904-1909, 19/F, Jardine House,  
1 Connaught Place, Central, Hong Kong

Website: [www.ccxap.com](http://www.ccxap.com)

Email: [info@ccxap.com](mailto:info@ccxap.com)

Tel: +852-2860 7111

Fax: +852-2868 0656